



General Assembly

Substitute Bill No. 1044

January Session, 2013



**AN ACT CONCERNING THE CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 10a-186a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2013*):

4 (a) [In] (1) At the discretion of the Secretary of the Office of Policy
5 and Management and the Treasurer, the authority may create and
6 establish one or more special capital reserve funds in connection with
7 the issuance of bonds to finance a project at a participating nursing
8 home or to refund bonds previously issued by the authority to finance
9 a project at a participating nursing home, or in connection with the
10 issuance of bonds to (A) effect a refinancing or other restructuring with
11 respect to one or more participating nursing homes as permitted by
12 subsection (b) of this section, [to] (B) finance dormitories, residential
13 facilities, student centers, food service facilities and other auxiliary
14 service facilities and related buildings and improvements at a public
15 educational institution, [to] (C) finance The University of Connecticut
16 Health Center clinical services projects, as defined in subsection (g) of
17 section 10a-114a, or [to] (D) finance up to one hundred million dollars,
18 in the aggregate, for (i) a project, as defined in subsection (b) of section
19 10a-178, at a health care institution that has a long-term bond rating

20 from at least one bond rating agency that is below investment grade, or
21 (ii) equipment, including installation and any necessary building
22 renovations or alterations for the installation and operation of such
23 project or equipment, for participating health care institutions. [at the
24 discretion of the Secretary of the Office of Policy and Management and
25 the Treasurer, the authority may create and establish one or more
26 reserve funds to be known as special capital reserve funds and]

27 (2) The authority may pay into such special capital reserve funds
28 [(1)] (A) any moneys appropriated and made available by the state for
29 the purposes of such funds, [(2)] (B) any proceeds of the sale of notes
30 or bonds for a project, to the extent provided in the resolution of the
31 authority authorizing the issuance thereof, and [(3)] (C) any other
32 moneys which may be made available to the authority for the purpose
33 of such funds from any other source or sources. The moneys held in or
34 credited to any special capital reserve fund established under this
35 section, except as hereinafter provided, shall be used solely for the
36 payment of the principal of and interest, when due, whether at
37 maturity or by mandatory sinking fund installments, on bonds of the
38 authority secured by such special capital reserve fund as the same
39 become due, the purchase of such bonds of the authority, the payment
40 of any redemption premium required to be paid when such bonds are
41 redeemed prior to maturity, including in any such case by way of
42 reimbursement of a provider of bond insurance or of a credit or
43 liquidity facility that has paid such amounts; provided the authority
44 shall have power to provide that moneys in any such fund shall not be
45 withdrawn therefrom at any time in such amount as would reduce the
46 amount of such funds to less than the maximum amount of principal
47 and interest becoming due by reasons of maturity or a required
48 sinking fund installment in the then current or any succeeding
49 calendar year on the bonds of the authority then outstanding or the
50 maximum amount permitted to be deposited in such fund by the
51 Internal Revenue Code of 1986, or any subsequent corresponding
52 internal revenue code of the United States, as from time to time
53 amended, to permit the interest on such bonds to be excluded from

54 gross income for federal tax purposes and secured by such special
55 capital reserve fund, such amount being herein referred to as the
56 "required minimum capital reserve", except for the purpose of paying
57 such principal of, redemption premium and interest on such bonds of
58 the authority secured by such special capital reserve fund becoming
59 due and for the payment of which other moneys of the authority are
60 not available. The authority may provide that it shall not issue bonds
61 secured by a special capital reserve fund at any time if the required
62 minimum capital reserve on the bonds outstanding and the bonds then
63 to be issued and secured by the same special capital reserve fund at the
64 time of issuance, unless the authority, at the time of the issuance of
65 such bonds, shall deposit in such special capital reserve fund from the
66 proceeds of the bonds so to be issued, or otherwise, an amount which,
67 together with the amount then in such special capital reserve fund, will
68 be not less than the required minimum capital reserve. On or before
69 December first, annually, there is deemed to be appropriated from the
70 state General Fund such sums, if any, as shall be certified by the
71 chairman or vice-chairman of the authority to the Secretary of the
72 Office of Policy and Management and the Treasurer of the state, as
73 necessary to restore each such special capital reserve fund to the
74 amount equal to the required minimum capital reserve of such fund,
75 and such amounts shall be allotted and paid to the authority. For the
76 purpose of evaluation of any such special capital reserve fund,
77 obligations acquired as an investment for any such fund shall be
78 valued at market. Nothing contained in this section shall preclude the
79 authority from establishing and creating other debt service reserve
80 funds in connection with the issuance of bonds or notes of the
81 authority which are not special capital reserve funds. Subject to any
82 agreement or agreements with holders of outstanding notes and bonds
83 of the authority, any amount or amounts allotted and paid to the
84 authority pursuant to this section shall be repaid to the state from
85 moneys of the authority at such time as such moneys are not required
86 for any other of its corporate purposes and in any event shall be repaid
87 to the state on the date one year after all bonds and notes of the
88 authority theretofore issued on the date or dates such amount or

89 amounts are allotted and paid to the authority or thereafter issued,
 90 together with interest on such bonds and notes, with interest on any
 91 unpaid installments of interest and all costs and expenses in
 92 connection with any action or proceeding by or on behalf of the
 93 holders thereof, are fully met and discharged. No bonds secured by a
 94 special capital reserve fund shall be issued to pay project costs unless
 95 the authority is of the opinion and determines that the revenues from
 96 the project shall be sufficient [(A)] (i) to pay the principal of and
 97 interest on the bonds issued to finance the project, [(B)] (ii) to establish,
 98 increase and maintain any reserves deemed by the authority to be
 99 advisable to secure the payment of the principal of and interest on
 100 such bonds, [(C)] (iii) to pay the cost of maintaining the project in good
 101 repair and keeping it properly insured, and [(D)] (iv) to pay such other
 102 costs of the project as may be required.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	July 1, 2013	10a-186a(a)
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Statement of Legislative Commissioners:

The subsection was divided into subdivisions for clarity, and the language at the end of Subdiv. (1) was moved to the beginning, for accuracy and clarity.

FIN *Joint Favorable Subst.*